

ESTIMATED COST OF 1% RATE INCREASE FISCAL YEAR 2007-08

SERVICE CATEGORY	ESTIMATE WITHOUT RATE INCREASE	ADJUSTMENT FACTOR (1)	FULL YEAR COST FOR EACH 1% RATE INCREASE		ASSUMING AUG. 2007 IMPLEMENTATION			
			TOTAL	STATE	11 MONTH ADJUSTMENT	PAYMENT LAG (2)	LAGGED COST FOR EACH 1% RATE INCREASE	
							TOTAL	STATE
PHYSICIANS	\$1,186,572,810	0.9660	\$11,462,290	\$5,889,590	0.9167	0.7910	\$8,310,930	\$4,270,350
OTHER MEDICAL	\$1,854,450,710	0.9760	\$18,099,440	\$9,242,820	0.9167	0.8364	\$13,877,600	\$7,086,860
COUNTY OUTPATIENT	\$117,988,520	0.9600	\$1,132,690	\$418,210	0.9167	0.7836	\$813,620	\$300,410
COMMUNITY OUTPATIENT	\$518,912,860	0.9100	\$4,722,110	\$2,267,650	0.9167	0.7972	\$3,450,940	\$1,657,210
PHARMACY	\$1,807,956,040	0.0793	\$1,434,430	\$742,660	0.9167	0.9404	\$1,236,490	\$640,180
COUNTY INPATIENT	\$675,233,660	1.0000	N/A	N/A	0.9167	0.6400	N/A	N/A
COMMUNITY INPATIENT	\$3,924,949,650	1.0000	N/A	N/A	0.9167	0.7609	N/A	N/A
NURSING FACILITIES	\$3,794,195,440	1.1578	\$43,928,820	\$22,269,570	0.9167	0.8840	\$35,596,340	\$18,045,450
ICF-DD	\$421,805,230	1.1578	\$4,883,620	\$2,463,500	0.9167	0.8839	\$3,956,980	\$1,996,070
MEDICAL TRANSPORTATION	\$142,790,350	0.9660	\$1,379,350	\$730,360	0.9167	0.8270	\$1,045,730	\$553,710
OTHER SERVICES	\$1,119,645,340	0.9540	\$10,681,420	\$4,600,680	0.9167	0.8353	\$8,178,530	\$3,522,640
HOME HEALTH	\$176,851,670	0.9800	\$1,733,150	\$879,520	0.9167	0.8120	\$1,290,090	\$654,680
DENTAL	\$603,268,600	0.9990	\$6,026,650	\$3,084,700	0.9167	1.0000	\$5,524,430	\$2,827,650
MENTAL HEALTH	\$1,096,545,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TWO PLAN MODEL	\$3,486,195,890	1.0000	\$34,861,960	\$17,450,240	0.9167	1.0000	\$31,956,800	\$15,996,050
COUNTY ORGANIZED HEALTH SYSTEMS	\$1,866,561,100	1.0000	\$18,665,610	\$9,345,550	0.9167	1.0000	\$17,110,140	\$8,566,750
GEOGRAPHIC MANAGED CARE	\$587,541,990	1.0000	\$5,875,420	\$2,937,140	0.9167	1.0000	\$5,385,800	\$2,692,380
PHP & OTHER MANAG. CARE	\$363,971,020	1.0000	\$3,639,710	\$2,091,140	0.9167	1.0000	\$3,336,400	\$1,916,880
AUDITS/ LAWSUITS	\$2,865,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
EPSDT SCREENS	\$61,080,760	1.0000	\$610,810	\$358,800	0.9167	1.0000	\$559,910	\$328,900
MEDICARE PAYMENTS (4)	\$3,294,959,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
STATE HOSP./DEVELOPMENTAL CNTRS.	\$315,541,000	0.9782	\$3,086,590	\$0	0.9167	1.0000	\$2,829,370	\$0
MISC. SERVICES	\$3,111,715,000	1.0000	\$31,117,150	\$103,330	0.9167	1.0000	\$28,524,050	\$94,720
RECOVERIES	-\$281,276,600	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TOTAL	\$30,250,320,060		\$203,341,210	\$84,875,460 (3)			\$172,984,170	\$71,150,870

(1) Reflects adjustment for services not affected by rate increases due to Medicare crossover and unlisted procedures.
 Adjustment factor for Dental services due primarily to prior year reconciliations.
 Adjustment factor for SNF & ICF services compensates for the impact of shares of cost on average payments.
 Adjustment factor for Pharmacy includes an adjustment for the dispensing fee only.

(2) Reflects adjustment for the lag between actual rendering of service and payment for that service.

(3) Excludes service categories noted above with N/A and all policy changes excluded from Cost/Eligible report.

(4) Medicare Payments cost increase included as base adjustment.